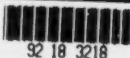


SECURITIES AND EXCHANGE COMMISSION

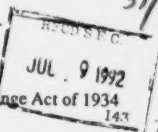
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Form 10-Q



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☒

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarterly Period Ended March 31, 1992

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From _____ to 1992-2265Commission File No. 0-13019MONITERM CORPORATION

(Exact name of Registrant as specified in its Charter)

Minnesota41-1318657(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer Identification Number)

5740 Green Circle Drive, Minnetonka, Minnesota55343

(Address of principal executive offices)

(Zip Code)

(612) 935-4151

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes☐ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock \$.025 Par Value7,833,431

Class of Common Stock

Shares outstanding
as of June 1, 1992

PROCESSED BY

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MONITERM CORPORATION

INDEX

PART I. FINANCIAL INFORMATION

Item 1.	<u>Financial Statements</u>	<u>Page Number</u>
	Statements of Consolidated Assets and Liabilities (liquidation basis – unaudited) as of March 31, 1992 and December 31, 1991	3
	Condensed Consolidated Statements of Discontinued Operations for the three months ended March 31, 1992 (liquidation basis) and 1991 (going concern basis) (unaudited)	5
	Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 1992 (liquidation basis) and 1991 (going concern basis) (unaudited)	6
	Notes to the Condensed Consolidated Financial Statements	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	9

PART II. OTHER INFORMATION

Item 1.	<u>Legal Proceedings</u>	14
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MONITERM CORPORATION

(In process of liquidation)

**Statements of Consolidated Assets and Liabilities (liquidation basis – unaudited)
as of March 31, 1992 and December 31, 1991**

ASSETS	March 31, 1992	December 31, 1991
Cash	\$352,043	\$ 408,891
Trade accounts receivable - net of allowance for doubtful accounts of \$325,000 at March 31, 1992 and Dec. 31, 1991	118,993	994,811
Inventories (Note 2)	177,513	774,136
Assets of subsidiary sold subsequent to December 31, 1991	—	135,000
Deposits	105,211	99,476
Property and equipment held for sale	82,035	112,035
Other assets	90,168	90,168
TOTAL ASSETS	\$925,963	\$2,614,517

See accompanying notes to condensed consolidated financial statements.

MONTERM CORPORATION

(In process of liquidation)

Statements of Consolidated Assets and Liabilities (liquidation basis - unaudited)
as of March 31, 1992 and December 31, 1991

LIABILITIES	March 31, 1992	December 31, 1991
Liabilities not subject to compromise:		
Notes payable	—	\$1,155,991
Accounts payable	—	10,777
Accrued liabilities	\$ 64,000	106,532
Reserve for estimated costs during the period of liquidation	443,784	922,000
	507,784	2,195,300
Liabilities subject to compromise:		
Accounts payable	4,843,787	4,799,480
Accrued liabilities	459,875	459,875
Current installments of long term debt	639,604	639,604
	5,943,266	5,898,959
Total	6,451,050	8,094,259
Liabilities in excess of assets in liquidation	(5,525,087)	(5,479,742)
Liabilities estimated to be paid upon liquidation	\$ 925,963	\$2,614,517

See accompanying notes to condensed consolidated financial statements.

MONITERM CORPORATION
(In process of liquidation)
Condensed Consolidated Statements of Discontinued Operations
(Unaudited)

	<u>Three months ended March 31,</u>	
	<u>1992</u>	<u>1991</u>
	(liquidation basis)	(going concern basis)
Net sales	\$1,200,257	\$5,203,328
Cost of sales	<u>1,231,010</u>	<u>4,473,207</u>
Gross profit	<u>(30,753)</u>	<u>730,121</u>
Selling, general and administrative expenses	---	880,648
Engineering and development expense	---	<u>258,002</u>
	---	<u>1,138,650</u>
Operating loss	(30,753)	(408,529)
Other income (expense)	<u>(14,592)</u>	<u>(87,500)</u>
Net loss.....	<u>\$ (45,345)</u>	<u>\$ (496,029)</u>
Net loss per common share	<u>\$ (.01)</u>	<u>\$ (.11)</u>
Weighted average common shares	<u>7,833,431</u>	<u>4,653,431</u>

See accompanying notes to condensed consolidated financial statements.

MONITERM CORPORATION
(In process of liquidation)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	<u>Three months ended March 31,</u>	
	<u>1992</u>	<u>1991</u>
	(liquidation basis)	(going concern basis)
Cash flows from operating activities:		
Net loss	\$(45,345)	\$(496,029)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	---	84,182
Decrease in trade accounts receivable	875,818	196,883
Decrease in inventories	596,623	473,518
Increase in prepaid expenses	(5,735)	(19,685)
Increase in income taxes receivable	---	17,020
Decrease in accounts payable and accrued liabilities	(487,218)	(156,351)
Other	165,000	(29,709)
Total adjustments	<u>1,144,488</u>	<u>565,858</u>
Net cash provided by operating activities	<u>1,099,143</u>	<u>69,829</u>
Cash flows from investing activities:		
Acquisition of equipment	---	(74,533)
Net cash used in investing activities	<u>---</u>	<u>(74,533)</u>
Cash flows from financing activities:		
Net borrowings (payments) under line of credit and term loan	(1,155,991)	186,812
Reduction of long term debt	---	(64,725)
Net cash provided by (used in) financing activities	<u>(1,155,991)</u>	<u>122,087</u>
Net increase (decrease) in cash	(56,848)	117,383
Cash beginning of period	408,891	52,956
Cash end of period	<u>\$ 352,043</u>	<u>\$ 170,339</u>

See accompanying notes to condensed consolidated financial statements.

MONITERM CORPORATION
Notes to Condensed Consolidated Financial Statements
March 31, 1992
(Unaudited)

NOTE 1. FINANCIAL STATEMENTS

In accordance with generally accepted accounting principles, effective December 31, 1991, the Company adopted the liquidation basis of accounting. Under the liquidation basis of accounting, assets are valued at estimated net realizable value and liabilities include estimated costs of sale, collection, and disposition of assets. The valuation of assets and liabilities necessarily requires many estimates and assumptions and there are substantial uncertainties in carrying out the liquidation. The accrual to record estimated liabilities associated with carrying out the liquidation was based upon the liquidation being completed by June 30, 1992. If the liquidation process is not completed by such date, additional expenses may be incurred to complete the liquidation.

As a result of the adoption of the liquidation basis of accounting, the consolidated financial statements as of and for the three months ended March 31, 1992, are not comparable with the consolidated financial statements for the three months ended March 31, 1991, which were presented on the going-concern basis.

The statement of consolidated assets and liabilities (liquidation basis - unaudited) as of March 31, 1992, and December 31, 1991, the condensed consolidated statements of discontinued operations (unaudited) for each of the three month periods ended March 31, 1992 and 1991, and the condensed consolidated statements of cash flows (unaudited) for each of the three month periods ended March 31, 1992 and 1991 have been prepared by the Company without audit as indicated. In the opinion of management, all adjustments necessary to present fairly the financial position, on the liquidation basis of accounting, at March 31, 1992 and December 31, 1991, and the results of operations and cash flows for the periods presented have been made.

The consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 1991 Form 10-K report.

NOTE 2. INVENTORIES

Inventories consisted of the following:

	March 31, 1992	December 31, 1991
Raw materials	---	\$567,975
Work in process	---	100,317
Finished goods	\$177,513	105,844
	<u>\$177,513</u>	<u>\$774,136</u>

MONITERM CORPORATION

Notes to Condensed Consolidated Financial Statements (continued)

March 31, 1992

(Unaudited)

NOTE 3. INCOME TAXES

At March 31, 1992, the Company has net operating loss carryforwards for financial reporting purposes of approximately \$13,291,000 and approximately \$6,087,000 for federal tax reporting purposes, which expire in the years 2004 thru 2006.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On November 12, 1991, Moniterm Corporation ("Moniterm") and its subsidiary, Wasatch High Voltage ("Wasatch"), filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Both cases were filed in the District of Minnesota.

In February 1992, Moniterm ceased manufacturing operations and by the end of March 1992, the 8 remaining employees were completing the liquidation of the remaining assets.

Monitor Technology Corporation, a corporation whose President is C. Paul Pesek, a greater than 5% shareholder of Moniterm signed a Letter of Intent on March 23, 1992 under which it agreed to purchase substantially all of the remaining assets of Moniterm, excluding cash, accounts receivable, and most of the finished goods. This transaction closed on May 5, 1992.

Debtor's Plans of Reorganization dated April 21, 1992, for Moniterm and Wasatch, as modified, were presented to the Bankruptcy Court for confirmation on June 10, 1992. Under the plans, the Company will complete the liquidation of its assets. Both plans were confirmed by the Bankruptcy Court on June 10, 1992.

Under Moniterm's Liquidating Plan of Reorganization (the "Plan") as confirmed by the bankruptcy court, all shares of Moniterm Common Stock will be cancelled on the Effective Date of the Plan which the Company expects will be July 10, 1992. Priority wage claims and priority employee benefit claims will be paid in cash on the Effective Date. Secured creditors will receive either collateral or cash. A distribution must be made to the general unsecured creditors from Net Liquidation Proceeds within 90 days of the Plan's Effective Date. Net Liquidation Proceeds include those liquidation proceeds remaining after payment of all priority claims, secured claims, small unsecured claims, compensation and expenses of the disbursing agent and costs and expenses incurred by Moniterm in the liquidation process. Subsequent distributions are to be made whenever Moniterm has accumulated net liquidation proceeds in the amount of \$100,000. Moniterm's shareholders are not entitled to any distribution until all senior claims and expenses of liquidation have been paid in full.

In April 1992, the Company projected the following distribution and effect on liquidity under the confirmed plan:

MONITERM CORPORATION
Projected Distribution Under Confirmed Plan

ASSETS:	Estimated Book Value¹⁹	Projected Liquid. Value
Cash and Equivalents	\$ 200,000 ¹	\$200,000
Accounts Receivable (net)	200,000	100,000 ²
Account — Wasatch High Voltage	660,000	41,000 ³
Equipment	460,000	100,000 ⁴
Inventory		
Finished Goods	458,000	125,000 ⁵
WIP	0	0
Raw Materials	2,000,000	100,000 ⁶
Utility Deposit	10,000	10,000
Deposit — Engineered Polymers	50,000	25,000 ⁷
Prepaid Expenses	15,000	0

¹ Preliminary, unreconciled bank account balance as of 4/10/92.

² The liquidation value is 50% of estimated book value of net accounts receivable as of 4/10/92.

³ Assumes a 9% distribution on a general unsecured claim of \$460,000 which is the amount allowed under a settlement negotiated by the Committee and the Official Committee of Wasatch High Voltage, the terms of which are set forth in Article IX of the Plan.

⁴ The liquidation value represents an arbitrarily allocated portion of the \$300,000 cash purchase price Monitor Technology Corporation has agreed to pay to purchase essentially all of Moniterm's remaining tangible personal property and technology.

⁵ Monitor Technology Corporation has agreed to purchase 357 SuperMac monitors with a book value of approximately \$208,000 for \$75,000. The remaining \$50,000 of liquidation value represents 20% of the remaining \$250,000 of estimated book value as of 4/10/92.

⁶ The liquidation value represents an arbitrarily allocated portion of the \$300,000 cash purchase price Monitor Technology Corporation has agreed to pay to purchase essentially all of Moniterm's remaining tangible personal property and technology.

⁷ Engineered Polymers Corporation asserts that it applied the \$50,000 deposit to Moniterm's pre-petition debt prior to the Filing Date and that Moniterm is not entitled to recover any portion of the deposit. Moniterm's recovery from Engineered Polymers Corporation could range from \$50,000 to nothing.

MONITERM CORPORATION
Projected Distribution Under Confirmed Plan

	Estimated Book Value¹⁰	Projected Liquid Value
Cash Value of Life Insurance Policy	87,000	\$ 87,000 ⁸
Intangible Assets	0	25,000 ⁹
Royalties Claims		
Sperry Marine, Inc.	0	20,000 ¹⁰
Thomas Research Corporation	0	0
Rights of Action (preferences, etc.)		
Thomas Research Corporation	0	0 ¹¹
SuperMac Technology	0	67,000 ¹²
Total Proceeds of Liquidation		\$900,000

⁸ C. Paul Pesek has agreed to release any interest he might have in the insurance policy as part of the purchase price Monitor Technology Corporation has agreed to pay to purchase essentially all of Moniterm's remaining tangible personal property and technology. In a dispute over the ownership of the life insurance policy Moniterm's recovery of the policy's cash value could range from approximately \$87,000 to nothing.

⁹ The liquidation value represents an arbitrarily allocated portion of the \$300,000 cash purchase price Monitor Technology Corporation has agreed to pay to purchase essentially all of Moniterm's remaining tangible personal property and technology.

¹⁰ Under a conditional manufacturing license, Sperry Marine, Inc. is obligated to pay Moniterm from \$65.00 to \$196.00 for each monitor it has produced by another contractor, depending on the model of the monitor. In 1991, Sperry Marine, Inc. purchased approximately 200 monitors from Moniterm. The liquidation value represents the product of 200 monitors multiplied by an estimated average royalty of \$100.00 per monitor.

¹¹ Moniterm initially anticipated it would receive approximately \$60,000 in royalties from Thomas Research Corp., but Moniterm now believes based on discussions with Thomas Research Corp. that the latter's poor sales performance will result in no royalty payments to Moniterm.

¹² Moniterm's recovery from SuperMac Technology could range from approximately \$133,000, assuming the 357 monitors which are the subject of the dispute are sold to Monitor Technology Corporation for \$75,000 to nothing.

MONITERM CORPORATION
Projected Distribution Under Confirmed Plan

<u>LIABILITIES:</u>	<u>Estimated Book Value¹³</u>	<u>Projected Liquid. Value</u>
Secured Claims		
AllTool Manufacturing Co. (potential)		
Midwest Plastics, Inc. (potential)		\$ 11,000 ¹³
Professional Fees & Expenses		9,000 ¹⁴
Debtor's Attorneys		
Committee's Attorneys		20,000
CEO Consultants		35,000
Accountants		10,000
Administrative Expenses		15,000 ¹⁵
Wasatch High Voltage	\$ 90,000	
Less — settlement	(90,000)	
Net		0 ¹⁶
Rent		10,000 ¹⁷
Payroll & Associated Taxes		40,000 ¹⁷
Directors & Officers Insurance (tail)		110,000
Sales Tax		15,000

¹³ AllTool Manufacturing Co. might assert a lien on property that Moniterm proposes to sell to Monitor Technology Corp. Moniterm has moved for a court order approving the sale. Moniterm believes the value of the collateral is minimal. In the event the sale is not approved, the plan provides that Moniterm may surrender the collateral to the secured creditor in satisfaction of its secured claim. AllTool Manufacturing Co. has filed a proof of claim asserting an unsecured claim in the amount of \$11,108.41.

¹⁴ Midwest Plastics, Inc. might assert a lien on property that Moniterm proposed to sell to Monitor Technology Corp. Moniterm has moved for a court order approving the sale. Moniterm believes the value of the collateral is minimal. In the event the sale is not approved, the Plan provides that Moniterm may surrender the collateral to the secured creditor in satisfaction of its secured claim. Midwest Plastics, Inc. has filed a proof of claim asserting an unsecured claim in the amount of \$9,035.00.

¹⁵ Net of \$45,000 post-petition retainer available for application to fees and expenses allowed by court order.

¹⁶ The Committee and the Official Committee of Unsecured Creditors of Wasatch High Voltage have negotiated a settlement under which Moniterm would pay nothing on the administrative expense claim of Wasatch High Voltage. The terms of the settlement are set forth in Article IX of the Plan.

¹⁷ These expenses are for the period from 4/1/92 through 5/31/92, the estimated date of confirmation. They will be paid from the proceeds of liquidation on an ongoing basis.

MONITERM CORPORATION
Projected Distribution Under Confirmed Plan

	Estimated Book Value¹⁹	Projected Liquid. Value
Assumed Contracts/Leases		20,000 ¹⁸
U.S. Trustees Fees		8,000
Priority Tax Claims — 11 U.S.C. § 507 (a) (7)		62,000
Classified Unsecured Priority Claims		
Wage Claims		36,000
Employee Benefit Claims		0
Post-Confirmation Expenses		
Attorney's Fees & Expenses — Debtor		20,000
Disbursing Agent's Fees & Expenses		20,000
Rent		10,000
Payroll & Associated Taxes		20,000
Net Proceeds Available to General Unsecured Creditors		429,000
Total General Unsecured Claims		4,226,000
Percentage Recovery on General Unsecured Claims		10.2%

¹⁸ Obligation resulting from Debtor's assumption of severance agreement with Michael F. Bristow.

¹⁹ Before application of liquidation basis.

As of June 10, 1992, Moniterm had essentially liquidated all of its tangible assets and only a few Accounts Receivable remain for the Company to pursue for collection. Claims litigation has also been completed except in a couple isolated cases. In addition, one or two immaterial lawsuits remain ongoing, yet they are unlikely to generate a lot of proceeds. Moniterm anticipates that it will be fully liquidated and all provisions of the Liquidating Plan of Reorganization will be completed by the end of fiscal year 1992.

PART II

ITEM 1. LEGAL PROCEEDINGS

Monterm's and Wasatch's Second Amended Liquidating Plans of Reorganization dated April 21, 1992, as modified were confirmed by the United States Bankruptcy Court District of Minnesota on June 10, 1992.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- | | | |
|------|--|---|
| 3.1 | Amendment of Restated Bylaws | Article XI of Exhibit 10.1 of this Form 10-Q. |
| 10.1 | Monterm's Second Amended Liquidating Plan of Reorganization dated April 21, 1992, as modified June 10, 1992. | 16 |
| 10.2 | Wasatch's Modified, Amended Liquidating Plan of Reorganization dated February 26, 1992, as modified June 10, 1992. | 29 |

SIGNATURES

Pursuant to the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MONITERM CORPORATION
(Registrant)

Date: June 30, 1992

A handwritten signature in dark ink, appearing to read 'F.G. Hamilton', is written above a horizontal line.

F.G. Hamilton
Sullivan Associates Inc.
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

MONITERM CORPORATION,

Case No. BKY 4-91-7681

Debtor.

Chapter 11 Case

DEBTOR'S SECOND AMENDED LIQUIDATING PLAN
OF REORGANIZATION

April 21, 1992
AS MODIFIED JUNE 10, 1992

Debtor proposes the following plan of reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code.

ARTICLE I

Definitions

For purposes of this Plan, the following terms shall have the respective meanings hereinafter set forth. Any terms contained in this Plan that are not specifically defined shall have the meaning provided for in the Bankruptcy Code, unless the context otherwise requires.

"Clerk" means the office of the clerk of the United States Bankruptcy Court for the District of Minnesota.

"Committee" means the Official Committee of Unsecured Creditors, appointed by the U.S. Trustee and consisting of:

Michael Kearney
Phillips Display Components Co.
1600 Huron Parkway
P.O. Box 963
Ann Arbor, MI 55337

James Mertes
Innovex, Inc.
1313 Fifth Street South
Hopkins, MN 55343

Jake Dungan
Hibbing Printed Circuits
3430 East 13th Avenue
P.O. Box 746
Hibbing, MN 55746

"Counsel for the Committee" means Michael B. LeBaron and the law firm of Larkin, Hoffman, Daly & Lindgren, Ltd., 1500 Norwest Financial Center, 7900 Xerxes Avenue South, Bloomington, Minnesota 55431.

"Court" means a United States Bankruptcy Judge for the District of Minnesota.

"Debtor" means Monitern Corporation.

"Disbursing Agent" means Sullivan Associates, Inc., Suite 940, 6465 Wayzata Boulevard, St. Louis Park, Minnesota 55426, or a successor approved by a Court Order after notice to the United States Trustee, when acting pursuant to the powers granted in Article VI of this Plan.

"Effective Date" means the thirtieth day after the date on which a Final Order confirming this Plan is entered, or such later date by which Debtor has liquidated sufficient assets to make the payments described herein.

"Filing Date" means November 12, 1991.

"Final Order" means an order of the Court that has not been reversed, stayed, modified, or amended and as to which the time to appeal or to seek review or rehearing has expired. Debtor may elect to waive provisions relating to appeal, review, or rehearing and treat any order of this Court as a Final Order and may distribute and otherwise proceed under this Plan, even if a motion to extend time for appeal or an appeal is pending, unless the order is stayed.

"Plan" means this Chapter 11 plan of reorganization as amended or modified.

"Pro-Rata Share" means, as to a claimant, the amount determined by multiplying the total amount of the payment to a particular class by a fraction, the numerator of which is the amount of the claimant's allowed claim and the denominator of which is the total amount of all allowed claims in that class.

"Schedules" means the schedules of assets and liabilities of Debtor on file with the Clerk of Bankruptcy Court for the District of Minnesota, as from time to time amended in accordance with Bankruptcy Rule 1009.

ARTICLE II

Treatment of Certain Priority Claims

Allowed claims that are not classified shall be treated as follows:

- (a) Allowed administrative expense claims, except as otherwise treated herein, and including fees of professionals, shall be paid in full in cash on the Effective Date, or on such other date as the Court may fix, or in the ordinary course of business as the claims mature, or upon such other terms as may be agreed upon by each claimant and Debtor.
- (b) Post-Petition claims incurred in the ordinary course of Debtor's business will be paid as such claims become due, as agreed between each claimant and the Debtor or otherwise in the ordinary course of Debtor's business.
- (c) Executory contracts or unexpired leases that are assumed (including contracts assumed and assigned) by Debtor during the Chapter 11 case will be paid according to the terms of the contracts or leases, or according to the terms of any order of the Court approving assumption of such contract or lease.
- (d) Holders of allowed claims specified in Bankruptcy Code § 507(a)(7) (certain taxes) will be paid in full in cash on the Effective Date or as soon thereafter as sufficient funds are available from liquidation of Debtor, after payment of administrative expenses and Category 1 claims. In no event will holders of allowed § 507(a)(7) claims be paid later than 6 years after the date the taxes were assessed, and such claimants shall be entitled to interest on the unpaid portion of their allowed claims after the Effective Date at the rate of 9% per annum.
- (e) Fees payable by Debtor under 28 U.S.C. § 1930 will be paid in full in cash on the Effective Date.

ARTICLE III

Category 1 -- Priority Claims

Class 1-A -- Priority Wage Claims. This class consists of all allowed claims of Debtor's employees entitled to priority pursuant to Bankruptcy Code § 507(a)(3).

Allowed claims in this class 1-A will be paid in full in cash on the Effective Date. No unsecured claims of a lower priority will be paid before claims in this class are paid in full.

Class 1-B -- Priority Employee Benefit Claims. This class consists of all allowed claims entitled to priority pursuant to Bankruptcy Code § 507(a)(4).

Allowed claims in this class 1-B will be paid in full in cash on the Effective Date. No unsecured claims of a lower priority will be paid before claims in this class are paid in full.

Category 2 -- Secured Claims

Class 2-A -- Secured Claim of Congress Financial Corporation. This class consists of the allowed secured claim of Congress Financial Corporation.

Congress Financial Corporation's secured claim has been paid in full from the proceeds of the liquidation of Debtor with the exception of certain minimal accrued but unbilled attorneys' fees and related expenses, certain minimal attorneys' fees and expenses which will accrue prior to confirmation, and certain contingent claims which may result from (a) the dishonoring of certain checks in respect of payment of accounts receivable, the proceeds of which were applied in reduction of Congress Financial Corporation's allowed secured claim, and (b) certain tax liabilities, if any, which accrued prior to the date of termination of Congress Financial Corporation's financing relationship with Debtor for which Congress Financial Corporation may be liable under applicable law. Debtor believes that Congress Financial Corporation in all likelihood will have no further claim against Debtor other than those attorneys' fees and expenses identified in the preceding sentence. Congress Financial Corporation ceased its lending relationship with Debtor as of April 12, 1992. Debtor does not envision a need to borrow any further amounts from Congress Financial Corporation in the future. Congress Financial Corporation, however, will retain its liens upon the assets of Debtor until all of the above-described attorneys' fees have been paid in full prior to or upon the Effective Date of the Plan and until all contingent claims with respect to dishonored receivable checks and/or tax liabilities have been resolved. Debtor believes that all such contingent claims will be resolved well before confirmation. No amount shall be paid by Debtor to holders of unsecured claims without consent by Congress Financial Corporation or Court Order until any remaining claims in this class has been paid in full. Congress Financial Corporation shall provide Debtor with an accounting of all attorneys' fees or charges other than principal and interest included in Congress Financial Corporation's secured claim and accrued after the Filing Date. Provided there is no dispute by Debtor or the Committee of the attorneys' fees and charges identified in the preceding sentence, Debtor will provide Congress Financial Corporation with a general release in exchange for Congress Financial Corporation's general release of Debtor and Congress Financial Corporation's release of all of its liens and security interests as of the Effective Date of the Plan.

Class 2-B -- Potential Secured Claim of AllTool Manufacturing Co. This class consists of the allowed secured claim, if any, of AllTool Manufacturing Co.

To the extent AllTool Manufacturing Co. is allowed a secured claim, its allowed secured claim will be satisfied by surrendering to AllTool Manufacturing Co. the collateral that secures its claim or, at the option of Debtor, by the payment to AllTool Manufacturing Co. of the value of that collateral as determined by Final Order of the Court or by agreement of Debtor and AllTool Manufacturing Co. In the event that Debtor elects to pay to AllTool Manufacturing Co. the value of the Collateral that secures its claim, that amount shall be paid from the proceeds of liquidation of Debtor's assets, will bear interest on the unpaid amount after the Effective Date at the rate of 9% per annum, and will be paid when proceeds are available from the liquidation of the collateral securing this claim, or when proceeds are available from the liquidation of other assets after payment in full of Congress Financial Corporation's secured claim, whichever is earlier. AllTool Manufacturing Co. will retain its lien on the collateral that secures its claim in this class until such claim, if any, is paid in full. If Debtor pays the claim in full, AllTool Manufacturing Co. shall immediately release the collateral to Debtor.

Class 2-C -- Potential Secured Claim of Engineered Polymers Corp. This class consists of the allowed secured claim, if any, of Engineered Polymers Corp.

To the extent Engineered Polymers Corp. is allowed a secured claim, its allowed secured claim will be satisfied by surrendering to Engineered Polymers Corp. the collateral that secures its claim or, at the option of Debtor, by the payment to Engineered Polymers Corp. of the value of that collateral as determined by Final Order of the Court or by agreement of Debtor and Engineered Polymers Corp. In the event that Debtor elects to pay to Engineered Polymers Corp. the value of the Collateral that secures its claim, that amount shall be paid from the proceeds of liquidation of Debtor's assets, will bear interest on the unpaid amount after the Effective Date at the rate of 9% per annum, and will be paid when proceeds are available from the liquidation of the collateral securing this claim, or when proceeds are available from the liquidation of other assets after payment in full of Congress Financial Corporation's secured claim, whichever is earlier. Engineered Polymers Corp. will retain its lien on the collateral that secures its claim in this class until such claim, if any, is paid in full. If Debtor pays the claim in full, Engineered Polymers Corp. shall immediately release the collateral to Debtor.

Class 2-D -- Potential Secured Claim of Midwest Plastics, Inc. This class consists of the allowed secured claim, if any, of Midwest Plastics, Inc.

To the extent Midwest Plastics, Inc. is allowed a secured claim, its allowed secured claim will be satisfied by surrendering to Midwest Plastics, Inc. the collateral that secures its claim or, at the option of Debtor, by the payment to Midwest Plastics, Inc. of the value of that collateral as determined by Final Order of the Court or by agreement of Debtor and Midwest Plastics, Inc. In the event that Debtor elects to pay to Midwest Plastics, Inc. the value of the Collateral that secures its claim, that amount shall be paid from the proceeds of liquidation of Debtor's assets, will bear interest on the unpaid amount after the Effective Date at the rate of

9% per annum, and will be paid when proceeds are available from the liquidation of the collateral securing this claim, or when proceeds are available from the liquidation of other assets after payment in full of Congress Financial Corporation's secured claim, whichever is earlier. Midwest Plastics, Inc. will retain its lien on the collateral that secures its claim in this class until such claim, if any, is paid in full. If Debtor pays the claim in full, Midwest Plastics, Inc. shall immediately release the collateral to Debtor.

Class 2-E -- Potential Secured Claim of Nationwide Funding, Inc. This class consists of the allowed secured claim, if any, of Nationwide Funding, Inc.

To the extent Nationwide Funding, Inc. is allowed a secured claim, its allowed secured claim will be satisfied by surrendering to Nationwide Funding, Inc. the collateral that secures its claim or, at the option of Debtor, by the payment to Nationwide Funding, Inc. of the value of that collateral as determined by Final Order of the Court or by agreement of Debtor and Nationwide Funding, Inc. In the event that Debtor elects to pay to Nationwide Funding, Inc. the value of the Collateral that secures its claim, that amount shall be paid from the proceeds of liquidation of Debtor's assets, will bear interest on the unpaid amount after the Effective Date at the rate of 9% per annum, and will be paid when proceeds are available from the liquidation of the collateral securing this claim, or when proceeds are available from the liquidation of other assets after payment in full of Congress Financial Corporation's secured claim, whichever is earlier. Nationwide Funding, Inc. will retain its lien on the collateral that secures its claim in this class until such claim, if any, is paid in full. If Debtor pays the claim in full, Nationwide Funding, Inc. shall immediately release the collateral to Debtor.

Class 2-F -- Potential Secured Claim of Telogy, Inc. This class consists of the allowed secured claim, if any, of Telogy, Inc.

To the extent Telogy, Inc. is allowed a secured claim, its allowed secured claim will be satisfied by surrendering to Telogy, Inc. the collateral that secures its claim or, at the option of Debtor, by the payment to Telogy, Inc. of the value of that collateral as determined by Final Order of the Court or by agreement of Debtor and Telogy, Inc. In the event that Debtor elects to pay to Telogy, Inc. the value of the Collateral that secures its claim, that amount shall be paid from the proceeds of liquidation of Debtor's assets, will bear interest on the unpaid amount after the Effective Date at the rate of 9% per annum, and will be paid when proceeds are available from the liquidation of the collateral securing this claim, or when proceeds are available from the liquidation of other assets after payment in full of Congress Financial Corporation's secured claim, whichever is earlier. Telogy, Inc. will retain its lien on the collateral that secures its claim in this class until such claim, if any, is paid in full. If Debtor pays the claim in full, Telogy, Inc. shall immediately release the collateral to Debtor.

Category 3 -- Unsecured Claims

Class 3-A -- Small Unsecured Claims. This class consists of all allowed unsecured claims not entitled to priority that are less than or equal to \$25.00. Holders of larger allowed claims may

elect to come within and be treated as class 3-A claims by reducing their allowed claims to \$25.00.

The claims in this class 3-A will be paid in full in cash when sufficient funds are available from liquidation of Debtor, after payment in full of all allowed priority and secured claims against Debtor.

Class 3-B -- General Unsecured Claims. This class consists of all allowed unsecured claims not entitled to priority that are not classified and have not elected to be treated under any other class in this Plan.

The claimants in this class will be paid their Pro-Rata Share of the Net Liquidation Proceeds (as defined below). Net Liquidation Proceeds means the proceeds of liquidation of Debtor remaining after payment of all priority claims, secured claims, small unsecured claims, compensation and expenses of the Disbursing Agent and costs and expenses incurred by Debtor in the liquidation process, and payable to the holders of claims in this class.

The claims in this class will be paid in one or more distributions when the Net Liquidation Proceeds become available. The Disbursing Agent shall make an initial distribution within ninety (90) days after the Effective Date of the Plan. The Disbursing Agent shall make a subsequent distribution or distributions whenever Debtor has accumulated, after excluding a reserve for expenses that the Disbursing Agent reasonably anticipates cannot be paid from later liquidation proceeds, Net Liquidation Proceeds in the amount of \$100,000.00.

Category 4 -- Equity Interests

Class 4-A -- Interests of Shareholders. This class consists of all allowed interests of shareholders in Debtor.

Shareholders in Debtor will not be entitled to any distribution in this case until all senior claims and expenses of liquidation have been paid in full. If there are funds available for distribution to shareholders, each shareholder will receive a pro rata share of such funds based on the number of shares of Debtor's stock owned by each shareholder on the Effective Date of the Plan. All shares of Debtor's stock are cancelled as of the Effective Date of the Plan.

ARTICLE IV

Classes of Claims and Interests Impaired Under Plan

The following classes of claims or interests are impaired under this Plan: 3-B and 4-A.

The following classes of claims or interests are unimpaired under this Plan: 1-A, 1-B, 2-A, 2-B, 2-D, 2-E, 2-F and 3-A.

ARTICLE V

General Provisions

- (a) Payments under this Plan will be made by check, mailed with first class postage pre-paid, to the claimant at the address listed on its proof of claim or, if no proof of claim has been filed by the date of the hearing on confirmation, to the address listed on the Schedules.
- (b) Debtor reserves the right to designate the application of any payment on a claim under this Plan.
- (c) Payments and other distributions under this Plan will be made as soon as practicable on or following the Effective Date, except as otherwise specified in this Plan.
- (d) In the event a payment is returned to Debtor unclaimed, with no indication of claimant's forwarding address, Debtor will hold such payment for a period of six months from the date of return. If not claimed by the claimant by the end of that period, the payment shall become the property of Debtor, and shall be treated as proceeds of liquidation.
- (e) Claims not timely filed will not participate in distributions under this Plan unless otherwise ordered by the Court.
- (f) In the event this Plan is not confirmed under Bankruptcy Code § 1129(a), Debtor requests that this Plan be confirmed under Bankruptcy Code § 1129(b).
- (g) Debtor is not obligated to provide any retiree benefits, as that term is defined in Bankruptcy Code § 1114.
- (h) The articles and bylaws of Debtor shall be amended as required by Bankruptcy Code § 1123(a)(6) and as may otherwise be required by this Plan.
- (i) Shareholders of record of Debtor as of the close of business on the date an order is entered approving the Disclosure Statement are entitled to vote with respect to this Plan.

ARTICLE VI

Means for Execution of Plan

The Disbursing Agent shall be responsible for liquidating Debtor's assets and distributing the proceeds of that liquidation pursuant to this Plan. The Disbursing Agent shall dispose of or abandon all assets of Debtor, except rights of action, within sixty (60) days after the Effective Date of the Plan. The Disbursing Agent and Debtor will use their best efforts to obtain the highest possible value for the liquidation of its assets. To allow the Disbursing Agent and Debtor to perform that obligation, the Disbursing Agent and Debtor, as appropriate, shall have

the power and authority to perform the following acts:

- (a) sell and convert its assets to cash and distribute the net proceeds as specified in this Plan;
- (b) manage and protect its assets;
- (c) grant options to purchase, contract to sell, and sell the assets or any part or parts thereof for such purchase price and on such terms as it deems appropriate;
- (d) exchange the assets or any part or parts thereof for other real or personal property;
- (e) release, convey, or assign any right, title or interest in the assets;
- (f) pay or discharge any costs, expenses, or obligations deemed necessary to preserve the assets or any part thereof;
- (g) purchase insurance to protect from liability the persons undertaking the liquidation on behalf of Debtor;
- (h) deposit funds and draw checks and make disbursements thereof;
- (i) employ attorneys, accountants, brokers, auctioneers and other professionals and non-professionals as may be deemed necessary;
- (j) borrow money on either an unsecured basis or by pledging as security all or a portion of the assets of the estate;
- (k) take any action required or permitted by this Plan;
- (l) engage in and carry on any business or undertaking necessary or desirable to conduct the liquidation of the assets;
- (m) negotiate, renegotiate and enter into contracts and execute obligations binding on Debtor;
- (n) vote shares of stock in person or by proxy;
- (o) sue and be sued;
- (p) settle, compromise, or adjust any disputes or controversies by or against Debtor;
- (q) waive or release rights of any kind;

- (r) appoint, remove and act through agents, managers, and employees and confer upon them such power and authority as may be necessary or advisable;
- (s) deal with the assets or any part or parts thereof in all other ways that would be lawful for any person owning the same, whether similar or different from the ways specified above; and
- (t) prosecute on behalf of Debtor all claims and causes of action that could be brought by a trustee or debtor-in-possession under the Bankruptcy Code, including actions to avoid preferential transfers and fraudulent transfers.

The Disbursing Agent shall invest liquidation proceeds that have not yet been distributed as it deems advisable, including by deposit in an interest bearing account.

In determining when to make distributions to creditors or shareholders under this Plan, the Disbursing Agent's discretion shall be limited only by the terms of this Plan. In interpreting the limitations described elsewhere in this Plan relating to liquidation proceeds available to be distributed, the Disbursing Agent shall be entitled to deduct and withhold an amount sufficient to allow the Disbursing Agent to discharge all obligations incurred by it or Debtor after confirmation of this Plan and to deduct and withhold such amounts as the Disbursing Agent reasonably anticipates will be required to complete the process of liquidation for which the Disbursing Agent does not anticipate later liquidation proceeds will be available to pay. The Disbursing Agent shall be entitled to receive compensation based on a reasonable hourly fee for services performed and to receive reimbursement for expenses incurred by it, which will be paid from the proceeds of liquidation prior to distribution to general unsecured creditors. The maximum compensation the Disbursing Agent may be paid shall be \$15,000 unless an increase in that maximum limitation is approved by a Court Order after notice to the United States Trustee.

ARTICLE VII

Contested Claims

No payment shall be made under the Plan with respect to a contested claim until that claim becomes an allowed claim, by agreement of the parties to any claim dispute or by Final Order of the Court. As soon as practicable after the allowed claim is established by agreement or Final Order, Debtor shall pay to the holder of such allowed claim the amount provided in the Plan.

If a contested claim is contained within a class that is to receive a pro rata distribution, Debtor will determine each claimant's Pro Rata Share by treating the asserted amount of the contested claim as an allowed claim for purposes of calculating the total of all allowed claims in the class. When all contested claims in the class have been allowed or disallowed by a Final Order, Debtor will make any additional distribution required because of the disallowance of all

or part of any contested claim or claims. Debtor may, at its option, choose to make interim distributions as contested claims are resolved.

ARTICLE VIII

Rejection and Assumption of Executory Contracts and Unexpired Leases

Any executory contracts and unexpired leases of Debtor that are not assumed prior to or at the time of confirmation of this Plan, are rejected as of the date the Court's Order confirming this Plan is entered.

ARTICLE IX

Settlement with Wasatch High Voltage

Pursuant to a settlement between Debtor and Wasatch High Voltage negotiated by the Committee and the Official Committee of Unsecured Creditors of Wasatch High Voltage, Wasatch High Voltage shall receive no payment on its administrative expense in Debtor's case and Debtor shall be allowed a general unsecured claim in the amount of \$460,000.00 in the case of Wasatch High Voltage. Provided Debtor satisfies the allowed secured claim of Congress Financial Corporation in full, Debtor and Wasatch High Voltage release and waive all other claims or rights of action each may have had against the other, effective as of the Effective Date or the effective date of a confirmed plan containing a similar provision in the case of Wasatch High Voltage, whichever is later.

ARTICLE X

Continuing Jurisdiction

The Court shall retain jurisdiction until this Plan has been fully consummated for the following purposes: classification of the claims of creditors and allowance of the claims of creditors; allowance of claims for damages from the rejection of executory contracts or unexpired leases; determination of all questions and disputes regarding title to the assets of the estate and determination of all causes of action between Debtor and any other party, including but not limited to any right of Debtor to recover assets pursuant to the provisions of the Bankruptcy Code; correction of any defect, the curing of any omission or the reconciliation of any inconsistency in this Plan or the order of confirmation as may be necessary to carry out the purpose and intent of this Plan; interpretation and enforcement of the terms of this Plan; shortening or extending, for cause, of time fixed for doing any act or thing under this Plan; entry of any order, including any injunction, necessary to enforce the title, rights, and powers of Debtor; and entry of an order concluding and terminating this case. The Court may exercise its jurisdiction after notice and hearing or ex parte, as the Court determines to be appropriate.

ARTICLE XI

Amendment of Restated Bylaws

The first sentence of section 4.2 of Debtor's Restated Bylaws is amended by substitution of the following sentence therefor effective as of the date the Final Order confirming this Plan is entered: "The Board of Directors shall consist of not less than one (1) nor more than five (5) directors, the exact number of directors and the number of directors in each class, if any, to be determined from time to time solely by a resolution adopted by an affirmative vote of a majority of all the members of the Board of Directors." The second sentence of section 4.3 of Debtor's Restated bylaws is amended by substitution of the following sentence therefor effective as of the date the Final Order confirming this Plan is entered: "Provided that there are three or more directors, the directors shall be divided into three (3) classes, designated Class I, Class II, and Class III."

MONITERM CORPORATION

June 10, 1992

By

F.G. Hamilton
F.G. Hamilton as Vice President of
Sullivan Associates, Inc.
Its Chief Executive Officer

_____, 1992

James L. Baillie
James L. Baillie (3980)
Jon C. Nuckles (196848)
William E. Connors (201649)
FREDRIKSON & BYRON, P.A.
1100 International Centre
900 Second Avenue South
Minneapolis, Minnesota 55402

Attorneys for Debtor Moniterm Corporation

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

Wasatch High Voltage,

Debtor.

Bky.No. 4-91-7682
Chapter 11 Case

DEBTOR'S MODIFIED, AMENDED, LIQUIDATING
PLAN OF REORGANIZATION

February 28, 1992

Debtor Wasatch High Voltage proposes the following plan of reorganization pursuant to Title 11 of the United States Code ("Bankruptcy Code").

ARTICLE I

DEFINITIONS

For purposes of this Modified Amended Plan of Reorganization ("Plan"), the following terms shall have the respective meanings set forth below. Any terms contained in this Plan that are not specifically defined shall have the meaning provided for in the Bankruptcy Code, unless the context otherwise requires.

"Effective Date" means thirty days after entry of an order confirming this Plan of Reorganization.

ARTICLE II

INTRODUCTION

The Debtor believes this Plan will result in the highest payment to creditors of the estate.

The Disclosure Statement accompanying this Plan describes some of the history of Debtor's operation, Debtor's performance during the Chapter 11 Case, and the factors leading to the filing of this Plan. It also describes in detail the terms of the Plan set forth below.

ARTICLE III

TREATMENT OF CERTAIN PRIORITY CLAIMS

Certain Allowed Claims which are not classified shall be treated as follows:

- (a) Post-petition Claims incurred in the ordinary course of Debtor's business which are necessary to the operation of Debtor's business will be paid in full in cash on the Effective Date or as the parties may agree.
- (b) Allowed Administrative Expense Claims specified in § 507(a)(1) of the Bankruptcy Code, except as otherwise classified herein, and including fees of professionals, shall be paid in full in cash on the Effective Date or as the parties may agree.
- (c) Fees payable by the Debtor to the office of the United States Trustee under 28 U.S.C. § 1930, as determined by the Court at the hearing on the confirmation of this Plan, will be paid in full upon confirmation of the Plan.
- (d) Pursuant to 11 U.S.C. § 507(a) certain employee wages and benefits are entitled to priority and shall be paid in full on the effective date of the Plan.

IV. SETTLEMENT BETWEEN DEBTOR AND MONITERM CORPORATION

Moniterm Corporation ("Moniterm") has a claim in the amount of approximately \$660,000 against Debtor. Debtor is a wholly-owned subsidiary of Moniterm. Moniterm's claim against Debtor is for loans made from Moniterm to Debtor prior to the date that Debtor filed its Chapter 11 petition. Of the \$660,000 claim, Moniterm wrote off approximately \$308,000 from its books on January 1, 1991.

Of the approximately \$352,000 that remained on Moniterm's and Debtor's books, Moniterm loaned approximately \$259,000 to Debtor during the time that Moniterm was receiving loans from Congress Financial Corporation. Debtor guaranteed Moniterm's repayment of the loan received from Congress Financial Corporation. Wasatch's guaranty was secured by security interests in virtually all of Debtor's property. Debtor received no loans from Congress Financial Corporation directly. Moniterm, however, asserts that Debtor received loans from Congress Financial Corporation indirectly through Moniterm. Consequently, Moniterm contends that because it paid in full the secured claim of Congress Financial Corporation, Moniterm is therefore entitled to assert that secured claim against Wasatch to the extent of \$259,000 under the doctrine

of equitable subrogation. To the extent Moniterm cannot assert the secured claim of Congress Financial Corporation, Moniterm asserts its claim should be treated as a general unsecured claim against Debtor.

Debtor has a claim against Moniterm in the amount of approximately \$90,000 for products Debtor shipped to Moniterm post-petition. Debtor's claim would be entitled to priority treatment as an administrative expense in Moniterm's bankruptcy.

Counsel for Moniterm's Official Committee of Unsecured Creditors and Debtor's Official Committee of Unsecured Creditors have agreed to a settlement of Moniterm's and Debtor's claims against each other. Under the settlement, Moniterm will pay Debtor nothing for Debtor's administrative expense claim, Moniterm will pay in full the secured claim of Congress Financial Corporation, and Moniterm will waive any right it might have to assert the secured claim of Congress Financial Corporation against Debtor. In addition, Moniterm will be allowed a general unsecured claim in Debtor's case in the amount of \$460,000. Debtor believes the settlement is in the best interest of its creditors, and the terms of the Plan are premised on this settlement.

ARTICLE V

DESIGNATION AND TREATMENT OF CLASSES

Class One - Secured Claim

Class One consists of the allowed secured claim of Congress Financial Corporation or Moniterm Corporation's right of subrogation to the secured claim of Congress Financial Corporation.

Treatment of Class One

Congress Financial Corporation's secured claim has been paid in full from the proceeds of the liquidation of Moniterm with the exception of certain minimal accrued but unbilled attorneys' fees and related expenses, certain minimal attorneys' fees and expenses which will accrue prior to confirmation, and certain contingent claims that may result from (a) the dishonoring of certain checks in respect of payment of accounts receivable, the proceeds of which were applied in reduction of Congress's allowed secured claim, and (b) certain tax liabilities, if any, which accrued prior to the date of the termination of Congress's financing relationship with Debtor for which Congress may be liable under applicable law. Wasatch and Moniterm believe that Congress in all likelihood will have no further claim against them other than for those attorneys' fees and related expenses identified in the preceding sentence. Congress ceased its lending relationship with Debtor as of April, 1992. Debtor does not envision a need to

borrow any further amounts from Congress in the future. Congress, however, will retain its liens upon the assets of Debtor until all of the above-described attorneys' fees and expenses have been paid in full prior to or upon the Effective Date of the Plan and until all contingent claims with respect to dishonored receivable checks and/or tax liabilities have been resolved. Debtor believes that all such contingent claims will be resolved well before confirmation. No amount shall be paid by Debtor to holders of unsecured claims without consent by Congress or Court Order until any remaining claim in this class has been paid in full. As of the effective date of the Plan, Debtor will provide Congress with a general release in exchange for Congress's general release of Debtor and Congress's release of all of its liens and security interests.

Class Two - Priority Claims

Class Two consists of holders of claims specified in § 507(a)(7) of the Bankruptcy Code. These claims include certain priority wages and benefits and any priority tax claims.

Treatment of Class Two

Class Two claims will be paid in full on the Effective Date. Wasatch does not believe that there will be any priority tax claims.

Class Three - Unsecured Claims

Class Three consists of all holders of allowed, non-contingent unsecured claims against Debtor. Debtor estimates these claims total \$624,885.01. This estimate does not include the claim of Moniterm for amounts loaned to Wasatch pre-petition. This claim could range from \$0 to \$650,000.00; however, under the settlement reached by the Unsecured Creditors' Committees of the Debtor and Moniterm, this amount will be \$460,000. This settlement is described in Section IV herein.

Treatment of Class Three

Class Three Claims will be paid from the proceeds of liquidation of Debtor's assets after payment of post-petition claims, administrative expense claims, priority claims, fees and secured claims, as set forth above. Initial distribution will be made as soon as practicable after the Effective Date. All distributions will be on a Pro Rata Share. Pro Rata Share means, as to the holder of a claim, the amount determined by multiplying the total amount of the proposed payment under this Plan to a particular class by a fraction, the numerator of which is the allowed amount of the holder's claim and the denominator of which is the total allowed amount of all the claims in that class.

Class Four - Equity Interests

Class Four consists of the holder of Debtor's common stock, Monitern Corporation.

Treatment of Class Four

The holder of Debtor's common stockholder will receive no distribution on account of Wasatch stock and all stock shall be canceled on the Effective Date of the Plan.

ARTICLE VI

CLASSES OF CLAIMS IMPAIRED UNDER PLAN

The following classes of claims or interests are impaired under this Plan: Two, Three and Four.

ARTICLE VII

GENERAL PROVISIONS

(a) Payments under this Plan will be made by check, mailed with first class postage prepaid, to the Claimant at the address listed on its Proof of Claim, or if no Proof of Claim has been filed by the date of the hearing on confirmation, to the address listed on Debtor's Schedules.

(b) The Debtor reserves the right to designate the application of any payment on a Claim under this Plan.

(c) Payments and other distributions under this Plan will be made as soon as practicable on or following the Effective Date of this Plan, as further described in Article VII of this Plan.

(d) In the event a payment is returned to the Debtor unclaimed, with no indication of claimant's forwarding address, the Debtor will hold such payment for a period of one month from the date of return. If not claimed by the claimant by the end of that period, the payment shall be distributed to creditors of its class or junior classes on a Pro Rata Share during the next distribution. If there are no further distributions, the payment shall be deposited with the Clerk of Bankruptcy Court for the District of Minnesota.

(e) Claims not timely filed will not participate in distributions under this Plan unless otherwise ordered by the Court.

(f) In the event this Plan is not confirmed under § 1129(a) of the Bankruptcy Code, Debtor requests that this Plan be confirmed under § 1129(b) of the Bankruptcy Code.

ARTICLE VIII

MEANS FOR EXECUTION OF PLAN

Debtor has sold all of its assets as described above and shall collect its accounts receivable prior to making a distribution under this plan.

The Debtor will also investigate, and if appropriate, pursue any claims the Debtor may have against third parties. The Debtor will also investigate and, if appropriate, pursue any claims pursuant to 11 U.S.C. § 101 et seq.

ARTICLE IX

CONTESTED CLAIMS

No payment shall be made under the Plan with respect to a contested claim until that claim becomes an allowed claim, by agreement of the parties to any claim dispute or by a final order of the Court. As soon as practicable after the allowed claim is established by agreement or final order, the Debtor shall pay the holder of such allowed claim the amount provided in the Plan.

If a contested claim is contained within a class that is to receive a pro rata distribution, Debtor will determine each claimant's Pro Rata Share by treating the asserted amount of the contested claim as an allowed claim for purposes of calculating the total of all allowed claims in the class. When all contested claims in the class have been allowed or disallowed by a final order, Debtor will make any additional distribution required because of the disallowance of all or part of any contested claim or claims. Debtor may choose to make interim distributions as contested claims are resolved.

ARTICLE X

REJECTION AND ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

All executory contract or unexpired leases of the Debtor are rejected.

ARTICLE XI

MODIFICATION OF THE PLAN

The Debtor may amend or modify this Plan in the manner provided for under 11 U.S.C. § 1127(a) or (b). The Debtor shall give notice of any proposed modification to Counsel for the Unsecured Creditors' Committee and to the United States Trustee and to any other parties designated by the Bankruptcy Court. The Debtor also reserves the right to make such modifications at any hearings on confirmation as are necessary to permit this Plan to be confirmed under 11 U.S.C. 1129(b).

ARTICLE XII

CONTINUING JURISDICTION

The Bankruptcy Court shall retain jurisdiction until this Plan has been fully consummated for the following purposes:

(a) To determine all controversies relating to or concerning the classification, allowance or satisfaction of claims or interests as well as objections thereto;

(b) To adjudicate any adversary proceeding pending before the Court;

(c) To determine any and all applications for compensation for professional and similar fees;

(d) To determine any and all applications, for the rejection or assumption and/or assignment, as the case may be, of executory contracts and unexpired leases to which the Debtor is a party or with respect to which the Debtor may be liable, and to determine and, if necessary, to liquidate, any and all Claims arising therefrom;

(e) To determine any and all applications, adversary proceedings, and contested or litigated matter property before the Court;

(f) To liquidate all disputed, contingent or unliquidated Claims;

(g) To modify the Plan pursuant to or to remedy any defect or omission or reconcile any inconsistencies in the Plan or Confirmation Order to the extent authorized by the Bankruptcy Code;

(h) To make such orders as are necessary or appropriate to carry out the provisions of the Plan;

(i) To approve all sales or order turnover of assets to the Debtor.

WASATCH HIGH VOLTAGE

By J. H. [Signature] or Successor

Its CEO

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